

## Message Text

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17

ORIGIN EB-07

INFO OCT-01 AF-06 ARA-10 EUR-12 EA-10 NEA-10 ISO-00 CAB-05

CIAE-00 COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00

L-03 SS-15 IO-10 /096 R

DRAFTED BY EB/OA:MHSTYLES:VLV

APPROVED BY EB/OA:MHSTYLES

----- 082954

R 272122Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY DUBLIN

AMEMBASSY BUENOS AIRES

AMEMBASSY MEXICO

AMEMBASSY DAKAR

AMEMBASSY ABIDJAN

AMEMBASSY OTTAWA

AMEMBASSY COLOMBO

AMEMBASSY PARIS

AMEMBASSY NEW DELHI

AMEMBASSY WELLINGTON

AMEMBASSY BANGKOK

AMEMBASSY KINSHASA

AMEMBASSY AMMAN

AMEMBASSY ROME

AMEMBASSY LISBONN

AMEMBASSY KABUL

AMEMBASSY VIENNA

AMEMBASSY BOGOTA

AMEMBASSY PRAGUE

AMEMBASSY NICOSIA

AMEMBASSY NAIROBI

AMEMBASSY QUITO

AMEMBASSY CAIRO

AMEMBASSY TEL AVIV

AMEMBASSY ADDIS ABABA

AMEMBASSY HELSINKI

AMEMBASSY JAKARTA

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AMEMBASSY ACCRA

AMEMBASSY MADRID

AMEMBASSY REYKJAVIK

AMEMBASSY SINGAPORE

AMEMBASSY TEHRAN  
AMEMBASSY TOKYO  
AMEMBASSY BELGRADE  
AMEMBASSY BONN  
AMEMBASSY THE HAGUE  
AMEMBASSY KUWAIT  
AMEMBASSY SANTIAGO  
AMEMBASSY WARSAW  
AMEMBASSY BEIRUT  
AMEMBASSY LAGOS  
AMEMBASSY ATHENS  
AMEMBASSY ISLAMABAD  
AMEMBASSY MANILA  
AMCONSUL MELBOURNE  
AMEMBASSY BRUSSELS  
AMEMBASSY STOCKHOLM  
AMEMBASSY COPENHAGEN  
AMEMBASSY OSLO  
AMEMBASSY JIDDA  
AMEMBASSY PRETORIA  
AMEMBASSY KHARTOUM  
AMEMBASSY BERN  
AMEMBASSY DAMASCUS  
AMEMBASSY ANKARA  
AMEMBASSY CARACAS  
AMCONSUL RIO DE JANEIRO  
AMEMBASSY BRASILIA  
AMEMBASSY TAIPEI  
INFO AMEMBASSY LONDON  
AMEMBASSY CANBERRA

UNCLAS STATE 122855

E.O. 11652: N/A

TAGS: EAIR, XX

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SUBJECT: CIVAIR - AIRLINE COMMISSION RATE DISPUTE

REF: STATE 109664 NOTAL

1. FOLLOWING IS TEXT OF A JOINT US-UK STATEMENT RELEASED  
IN WASHINGTON MAY 23:

QUOTE. REPRESENTATIVES OF THE US AND BRITISH GOVERNMENTS  
MET IN WASHINGTON ON MAY 21-22, 1975, TO DISCUSS THE  
PROBLEMS WHICH HAD ARISEN OVER THE SYSTEM OF COMMISSION  
RATES PAID BY AIRLINES TO TRAVEL AGENTS AND OTHER INTER-  
MEDIARIES FOR INTERNATIONAL TRAVEL AND OVER THE ENFORCEMENT  
OF THE SYSTEM.

THEY WERE CONVINCED THAT WIDESPREAD ABUSES HAD CREATED AN UNSATISFACTORY SITUATION. THEY AGREED THAT IT WAS IN THE INTERESTS OF THE AIRLINE INDUSTRY, TRAVEL AGENTS, AND THE PUBLIC THAT A STABLE SYSTEM OF COMMISSION RATES BE ADOPTED, UNIFORMLY IMPLEMENTED, AND FULLY ENFORCED AS SOON AS POSSIBLE.

TO THIS END, THE TWO GOVERNMENTS UNDERTOOK TO BRING THEIR CONCERN TO THE ATTENTION OF INTERNATIONAL AIR TRANSPORT

ASSOCIATION (IATA) AND TO URGE THAT IT ADOPT, SUBJECT TO GOVERNMENT APPROVALS, A COMMISSION RATE SYSTEM WHICH WOULD PROVIDE FOR STABILITY AND FOR ENFORCEMENT OF ANY AGREED-UPON RATES. THE TWO GOVERNMENTS STRESSED THE PARTICULAR IMPORTANCE THEY ATTACHED TO THE UNIFORM IMPLEMENTATION AND EFFECTIVE ENFORCEMENT OF ANY SUCH SYSTEM.

THE REPRESENTATIVES OF THE TWO GOVERNMENTS ALSO CONSIDERED WHAT ACTIONS THE GOVERNMENTS THEMSELVES COULD TAKE. THE US REPRESENTATIVES STATED THAT THEY WOULD PRESS FOR EARLY ACTION ON A PROPOSAL CURRENTLY PENDING BEFORE THE CIVIL AERONAUTICS BOARD FOR THE FILING OF COMMISSION RATE SCHEDULES AND FOR EFFECTIVE PENALTIES FOR FAILURE TO OBSERVE THE RATES AS FILED. THE BRITISH REPRESENTATIVES STATED THAT THEY WOULD REVIEW THE POWERS OF THE BRITISH GOVERNMENT TO ENSURE THAT THEY WERE ADEQUATE TO DEAL WITH THE ENFORCEMENT QUESTION.

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BOTH GOVERNMENTS WERE CONSCIOUS OF THE DANGER THAT AN UNRESTRAINED COMMISSION WAR WOULD FURTHER UNDERMINE AIR-LINE FINANCES AT A TIME WHEN THE AIRLINES WERE ALREADY IN DIFFICULTIES, AND COULD CREATE PRESSURES FOR HIGHER FARES. THEY THEREFORE AGREED TO URGE THEIR AIRLINES TO PRESS FOR THE SIMULTANEOUS ADOPTION, AT THE EARLIEST POSSIBLE MOMENT, OF IATA RESOLUTIONS PROVIDING FOR THE ESTABLISHMENT OF (1) AN EFFECTIVE ENFORCEMENT SYSTEM AND (2) AN INTERIM AGREEMENT ON COMMISSION RATES PENDING THE RESULTS OF THE INVESTIGATIONS INTO AGENTS COSTS THAT IATA HAS ALREADY SET IN TRAIN. THE TWO GOVERNMENTS EXPECT ALL AIRLINES TO ENTER INTO THESE NEGOTIATIONS IN GOOD FAITH AND TO BE PREPARED TO REACH A REASONABLE ACCOMMODATION OF THEIR DIFFERING POINTS OF VIEW.

THE TWO GOVERNMENTS ALSO AGREED TO BRING THEIR CONCERN OVER THIS MATTER TO THE ATTENTION OF OTHER GOVERNMENTS, TO INFORM THEM OF THE ACTIONS THEY WERE TAKING, AND TO INVITE THEM TO TAKE COMPARABLE ACTIONS.

IN THE LIGHT OF THEIR UNDERSTANDING THAT PAN AM WOULD USE THEIR BEST EFFORTS TO ACHIEVE, AS SOON AS POSSIBLE,

THE ADOPTION OF THE IATA RESOLUTIONS REFERRED TO IN THE  
FIFTH PARAGRAPH ABOVE, THE BRITISH GOVERNMENT STATED  
THAT THEY DID NOT INTEND TO TAKE ANY PRECIPITATE ACTION IN  
REGARD TO PAN AM'S OPERATING PERMITS. END QUOTE.

2. ADDRESSEE POSTS REQUESTED BRING FOREGOING STATEMENT TO  
ATTENTION NATIONAL AVIATION AUTHORITIES, DRAWING THEIR  
ATTENTION PARTICULARLY TO THE PENULTIMATE PARAGRAPH. INGERSOLL

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<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 26 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** RESOLUTIONS, INCENTIVE WAGE SYSTEMS, AVIATION AGREEMENTS, AIRLINES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 MAY 1975  
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**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
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**Film Number:** D750185-0988  
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**Handling Restrictions:** n/a  
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**Office:** ORIGIN EB  
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**Previous Classification:** n/a  
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**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 29 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
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**TAGS:** EAIR, XX, US, UK, PANAM, IATA  
**To:** DUBLIN  
BUENOS AIRES  
MEXICO  
DAKAR  
ABIDJAN  
OTTAWA

COLOMBO  
PARIS  
NEW DELHI  
WELLINGTON  
BANGKOK  
KINSHASA  
AMMAN  
ROME  
LISBONN  
KABUL  
VIENNA  
BOGOTA  
PRAGUE  
NICOSIA  
NAIROBI  
QUITO  
CAIRO  
TEL AVIV  
ADDIS ABABA  
HELSINKI  
JAKARTA  
ACCRA  
MADRID  
REYKJAVIK  
SINGAPORE  
TEHRAN  
TOKYO  
BELGRADE  
BONN  
THE HAGUE  
KUWAIT  
SANTIAGO  
WARSAW  
BEIRUT  
LAGOS  
ATHENS  
ISLAMABAD  
MANILA  
MELBOURNE  
BRUSSELS  
STOCKHOLM  
COPENHAGEN  
OSLO  
JIDDA  
PRETORIA  
KHARTOUM  
BERN  
DAMASCUS  
ANKARA  
CARACAS  
RIO DE JANEIRO  
BRASILIA  
TAIPEI INFO LONDON  
CANBERRA  
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